

ROUTING

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday July 10, 1976

CI NIDC 76-161C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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National Intelligence Daily Cable for Saturday July 10, 1976.

The NID Cable is for the purpose of informing senior US officials.

LEBANON

//Christian forces are continuing their advances in the north. Yesterday they moved north of Chekka as far as Anfa and Fi;

//Clearing operations against Palestinian snipers are still going on at the Tall Zatar refugee camp. Serious fighting occurred in the nearby Muslim enclave of Ras an-Naba--the only remaining concentration of Muslims on the Christian side of Beirut--on Thursday and Friday but has since died down.

The rest of Beirut was quieter than usual, although shelling and armed clashes are continuing along the city's central confrontation line and in its southwest suburbs.

Christian leaders have been meeting to prepare for Monday's scheduled Arab League meeting in Cairo. They have already stipulated that they will not send a representative unless they are satisfied with the advance copy of the report to be submitted to the meeting by the "tripartite committee," the three-man mediating group dispatched by the League. The committee, however, has failed to make any headway and has passed the buck back to the League.

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ITALY

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[] The resignation yesterday of Prime Minister Aldo Moro as head of Italy's caretaker government clears the way for President Leone to begin talks with party leaders to select a new prime minister-designate.

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[] Speculation on Moro's successor centers on three Christian Democrats, all members of the outgoing cabinet:

--Budget Minister Andreotti, 57, who has been prime minister twice previously and has held a variety of other cabinet posts.

--Defense Minister Forlani, 50, who only recently has emerged as a power in the Christian Democratic Party.

--Interior Minister Cossiga, 47, who gained recognition for his handling of relief efforts after the destructive earthquake in northeast Italy in May.

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[] //Italian press speculation that Andreotti is emerging as the front-runner was given some substance by Cossiga, an earlier favorite, who told the US ambassador last week that he is planning to bow out in favor of the budget minister. According to Cossiga, Forlani will also withdraw. Andreotti, who has a reputation for political flexibility, is generally considered to have the best chance of reaching an accommodation with the Socialists; their participation in a non-communist coalition government is essential.//

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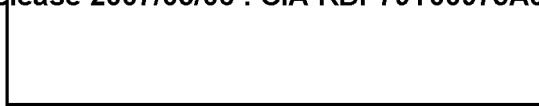
[] The Socialist Party continues to reject any government proposal that does not include the Communists at least as part of the parliamentary majority. This has led to conjecture that another Christian Democratic minority government may be formed as an interim solution.

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[] According to this line of reasoning, the Socialists may be more easily reconciled to entering the government later, once they have had time to sort out their post-election options.

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[] The Christian Democrats yesterday re-elected their former group leaders in the two chambers of parliament. Both are from the conservative wing of the party, an apparent setback for party reformers and for those favoring compromise with the Communists. []

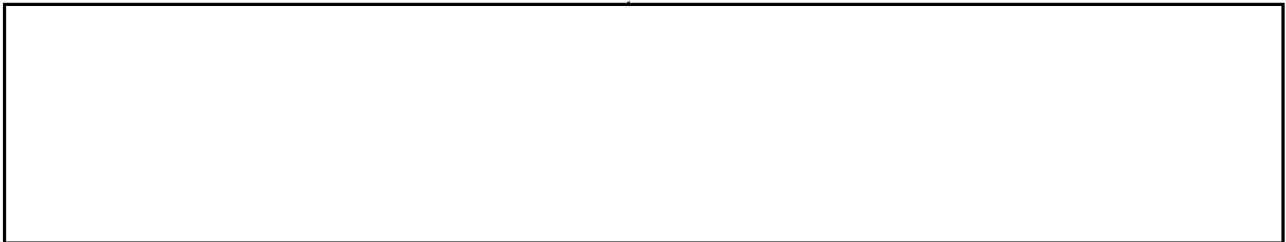
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KENYA-UGANDA

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[] //The situation between Kenya and Uganda remained essentially unchanged yesterday. Both armies remain on alert, but there apparently have been no significant new troop movements.//

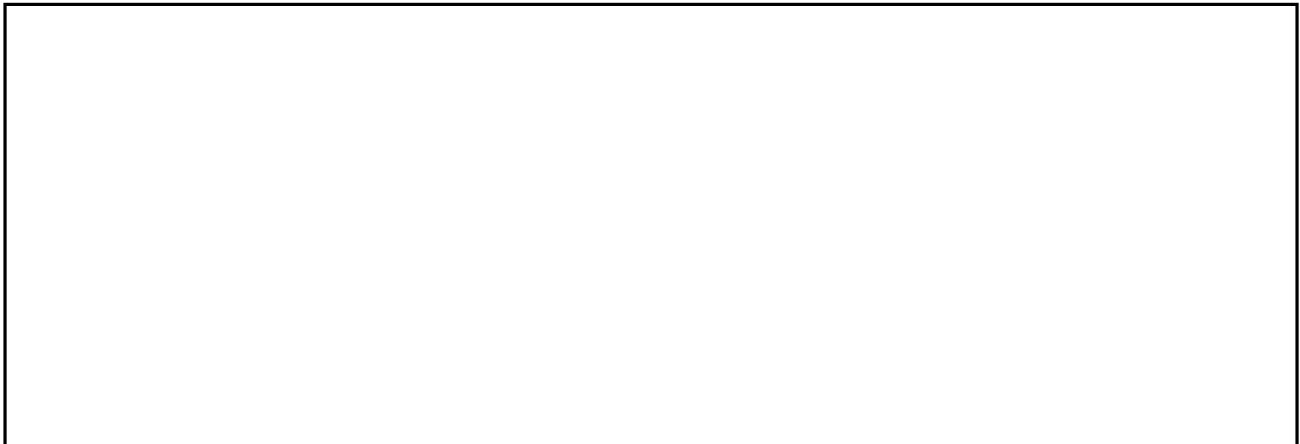
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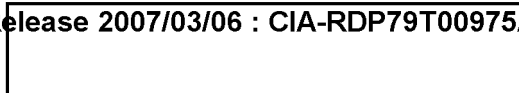
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[] Kenya has also announced that it will soon insist on cash payment in Kenyan shillings for all rail freight charges incurred by countries shipping goods across Kenya. The principal impact will be on Uganda, which is short of foreign exchange. The Kenyans are saying the move is a money saving measure that has been planned for some time, but Amin will regard Nairobi's action as provocative.

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GREECE-TURKEY

[] //Greek and Turkish leaders are trying to reduce tension over the prospective visit of the Turkish seismic research vessel to disputed areas of the Aegean Sea. Neither side has altered its basic position, however, and there is still the possibility of miscalculation or overreaction.//

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[] //The Sismik I is undergoing sea trials in the Sea of Marmara. Turkish observers believe that it may not begin its activities in the Aegean until the end of next week. Greek concern about the Turkish military exercise now underway in the Aegean has lessened and it seems likely that the maneuvers may end next Tuesday without incident--before the research ship enters the Aegean.//

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[] //Greek Defense Minister Averoff issued a press statement on July 7 in which he said that there had been no violations of international law noted during the Turkish military exercise, evidently choosing to overlook one reported but unconfirmed violation of Greek airspace.//

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[] //Conciliatory statements by Turkish President Koruturk and Foreign Minister Caglayangil late last week and Turkish press reports that Ankara is still considering the Greek proposal for a non-aggression pact have also had a calming effect.//

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[] //Athens, which claims the bulk of the Aegean seabed, is still wary of Turkish intentions. Although they say they have no desire to provoke a confrontation, Turkish officials still hint that their research ship will operate at least briefly in disputed Aegean waters. Turkish Prime Minister Demirel has promised to discuss the specifics of the ship's course in a press conference scheduled for today. // []

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THAILAND-VIETNAM

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[] //A Vietnamese delegation traveled to Bangkok in May 1975 to discuss diplomatic relations, but the talks broke down over Bangkok's unwillingness to return to Hanoi all US-supplied aircraft and ships brought out of Vietnam following the collapse of the Thieu regime. Hanoi is no longer publicly pressing its claim to this equipment, and it is possible that the Vietnamese are prepared to sidestep the issue.//

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[] //Hanoi's Deputy Foreign Minister Phan Hien is presently on a tour that covers every non-communist Southeast Asian state except Thailand. Bangkok's absence from Hien's itinerary is almost certainly a consequence of former Thai foreign minister Chatchai's sharp rebuff of a bid in June 1975 by Hanoi to reopen talks. Bangkok's attitude toward Hanoi at that time was influenced by the Chinese, who encouraged the Thai to go slow in their dealings with the Vietnamese.//

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[] //Hanoi may now believe that recent Thai government decisions denying a residual US military presence make possible improved Vietnamese-Thai relations. Foreign Minister Phichai, for his part, has recently publicly stated his willingness to go to Hanoi for new talks.// []

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JAMAICA

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[redacted] Manley has also been taking steps to make the media more responsive to government direction. In January he appointed a new and more politicized board to head the Jamaica Broadcasting Corporation--a government-owned, but traditionally independent, entity. Last month Manley abruptly fired the head of the corporation, who subsequently asserted that government officials had been trying for months to manipulate his organization into a partisan position. [redacted]

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CEMA

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[] The 30th annual meeting of CEMA heads of government, held in East Berlin from July 7 to 9, reviewed economic cooperation over the last five years and tried to give some impetus to future long-term collaboration. The communique, however, suggests that the session reached no major policy decisions.

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[] The participants agreed to institute programs intended to lead to long-term cooperation in transportation, agriculture, machine building, consumer goods production, and energy and raw material development. The cooperation is envisaged through 1990 but it will be difficult as in the past, and progress will probably be slow.

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[] Romanian Premier Manescu apparently used the meeting to renew Bucharest's position that large-scale projects undertaken in the name of the common good must not cause neglect of the less-developed CEMA countries. Bucharest maintains that Romania is less-developed and thus qualifies for special benefits--a contention Moscow rejects.

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[] The group discussed, but failed to agree on, expanding the CEMA power grid.

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[] As usual the meeting tried to demonstrate CEMA's allegedly growing international stature. It confirmed CEMA cooperation agreements concluded last year with Iraq and Mexico, and various participants took note of the presence of observers

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from Vietnam, North Korea, Laos, and Angola. This is the first time Laos and Angola have observed a CEMA session. According to press reports, the head of the Vietnam delegation appealed to CEMA for more economic aid and credits.

25X1 [] The session made a special effort, in the wake of the Polish riots, to adopt a business-as-usual attitude, even taking the unusual step of publishing a detailed agenda. In the communique, the "crisis" of capitalism was routinely contrasted to communism's "prosperity." It is probable, however, that there was discussion behind the scenes of East European economic problems and the possibility of further consumer unrest.

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SPAIN

25X1 [] The nationwide postal strike in Spain threatens to make it more difficult for Prime Minister Adolfo Suarez to attract opposition support for the government's reform program.

25X1 [] Since early this week, some 6,000 government postal workers have walked out; they are demanding a pay hike of more than 35 percent. A government offer of half that amount has apparently been turned down.

25X1 [] In the past, strikes affecting important services in the public sector have been quickly suppressed. During widespread labor unrest last January, striking postal workers were placed under military jurisdiction and forced back to work under threat of court-martial.

25X1 [] If the new government takes a tough stand, it risks forfeiting the chance to gain the cooperation of the moderate opposition deemed necessary for the success of the reform program. If it agrees to the postal strikers demands, however, other workers are likely to press their own grievances.

25X1 [] According to press reports, Interior Minister Martin Villa will postpone action to put the strikers under military control until Monday in hopes that negotiations over the week-end will produce a settlement. []

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UNITED KINGDOM

25X1 [] //Labor union support for the new British pay agreement, the cornerstone of the UK's anti-inflation program, could be weakened by jumps in agricultural prices that are likely in the next few months.//

25X1 [] //London is under increasing pressure from its partners in the European Community to devalue the "green pound"--the monetary unit used in British agricultural trade within the EC. Such a move would substantially push up the prices Britons pay for imported foodstuffs, which provide half the country's food supplies.//

25X1 [] //Since October, the "green pound" has remained stable despite the plunge in sterling. Payments arranged through the Common Agricultural Policy covered the 20-percent difference between the rates, acting as a hefty subsidy for UK food imports.//

25X1 [] //In addition, price supports paid by the UK for British farm production--denominated in EC units of account and converted into pounds at the "green" rate--are 20 percent lower than they otherwise would be.//

25X1 [] //Because of the strain placed on the EC budget by payments under the Common Agricultural Policy, pressure is mounting within the Community for London to align more closely the "green" and market rates for the pound. [] 25X1

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WORLD RICE

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[] We estimate a record world rice harvest ranging from 335 million to 340 million metric tons for the current crop year, 4 percent above last year's record crop. Almost every Asian country, except China and Vietnam, is expecting a larger crop this year, and production outside Asia is expected to be up by 11 percent.

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[] Rice available for export in 1976 should reach nearly 10 million tons--over 30 percent more than was exported last year. This volume is probably about 2.8 million tons more than importers will want to buy, leaving some major exporters--including the US, Pakistan, and Thailand--with large carryover stocks.

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[] Record domestic harvests will enable many major rice importers, such as South Korea, Bangladesh, and the Philippines, to decrease imports this year. Nations like India, Indonesia, and Sri Lanka, which must import large quantities this year, will benefit from increased availability and lower prices.

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[] The 24-month decline in world rice prices can be expected to continue through most of 1976. The extent will depend on stock rebuilding policies, consumption levels in the major importing nations, and prospects for the 1976 fall harvest. World stocks may be rebuilt to levels seen prior to the rice shortages of the 1973-74 crop year.

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[] The US Department of Agriculture estimates US rice supplies available for export in 1976 at 2.7 to 2.9 million tons and forecasts that total commercial and PL-480 exports will be 1.8 million tons, down 17 percent from last year's record level. []

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